

7945-B
RECORDATION NO. Filed & Recorded

JUN 05 1975 -3 25 PM

SECURITY AGREEMENT
INTERSTATE COMMERCE COMMISSION

AGREEMENT dated as of March 15, 1975,
between PICKENS RAILROAD COMPANY, a South
Carolina corporation (said corporation being
hereinafter called Pickens), and FIRST SECURITY
STATE BANK, a state banking corporation, not
in its individual capacity but solely as Trust-
tee pursuant to a Trust Agreement dated as of
March 15, 1975, with ITEL Leasing International,
Inc. (said Trustee being hereinafter called
the Trustee).

W I T N E S S E T H :

WHEREAS Pickens desires to enjoy the use and
possession of certain box cars by Lease of Railroad Equip-
ment dated as of March 15, 1975 (the Lease), from the
Trustee and the Trustee desires to lease such cars (the
Leased Equipment) to Pickens; and

WHEREAS, as an inducement to the Trustee to lease
the Leased Equipment to Pickens, and in partial considera-
tion of said Lease transaction, Pickens desires to give the
Trustee a security interest in certain equipment presently
being purchased by Pickens pursuant to a financing arrange-
ment more particularly described below;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Creation of Security Interest. In consideration of the financial accommodations given, to be given, or continued, by means of the lease financing described above, Pickens hereby creates in favor of the Trustee a security interest in the Collateral described in Paragraph 2 immediately below.

2. Collateral. The collateral of this Security Agreement is each and all the box cars of the following description:

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Car Numbers (Inclusive)</u>
70-ton, 50-foot freight (box) cars	72	PICK 55128- 55199

and all additions and accessions thereto, substitutions thereof and all proceeds from their sale or other disposition.

3. Acknowledgment of Prior Security Interest.
The parties expressly acknowledge the existence of a prior security interest in the Collateral in favor of North Carolina National Bank pursuant to a Conditional Sale Agreement between Metal Fabricators, Inc., National Railway Utilization Corpora-

tion and Pickens and an Agreement and Assignment thereof between Metal Fabricators, Inc., and North Carolina National Bank, both dated as of December 1, 1974. Pickens represents and warrants that there is no other security interest, lien or encumbrance in or on the Collateral nor will any other security interest, lien or encumbrance be allowed by it to attach against the Collateral during the continuance of this Agreement.

4. Obligation of Pickens. Pickens will pay to the Trustee all sums due and perform all covenants which it is obligated to pay and perform under the Lease.

5. Location of Collateral. The Collateral will be kept at all times within the boundaries of the United States of America, will be kept open to inspection by or on behalf of the Trustee at reasonable times and places and, subject to the provisions of this Agreement, shall not be removed from the United States of America unless Pickens notifies the Trustee in writing, the Trustee consents in writing in advance of its removal to another location, and Pickens performs, at its own expense, all acts necessary to assure that the Trustee will have a perfected security interest in the Collateral in such other location.

6. Covenants. Pickens covenants and represents as follows:

(a) Pickens will warrant and defend the Collateral against the claims and demands of all persons and the Collateral will remain railroad property subject to the jurisdiction of the Interstate Commerce Commission.

(b) Pickens agrees that, at its own cost and expense, it will maintain and keep each unit of Leased Equipment in good order and repair, ordinary wear and tear excepted.

(c) Pickens shall not dispose of the Collateral or any interest therein except as authorized in this Agreement or in writing by the Trustee, and Pickens shall keep the Collateral free from unpaid charges, including taxes, and from liens, encumbrances, security interests other than that of the Trustee and North Carolina National Bank and their successors and assigns.

(d) Pickens shall execute alone or with the Trustee a financing statement or other document or procure any document, and pay all connected costs, necessary to protect the security interest of the Trustee in this Agreement against the interests of third persons.

7. Default. Any misrepresentation or misstatement in connection with this Agreement on the part of Pickens or any noncompliance or nonperformance of Pickens's obligations hereunder shall constitute a default. In addition, Pickens

shall be in default if a proceeding under any of the provisions of the Bankruptcy Act shall be instituted by or against Pickens or an application shall be made for the appointment of a receiver of Pickens's property, or if Pickens shall make an assignment for the benefit of creditors or if a meeting of Pickens's creditors shall be called, or if any of Pickens's property shall be attached.

8. Remedies and Governing Law. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Utah; provided, however, that the parties shall be entitled to all additional rights conferred by Section 20 C of the Interstate Commerce Act.

9. Inspection of Records. The Trustee may, at any reasonable time, enter upon Pickens's premises to inspect Pickens's books and records pertaining to the Collateral or its proceeds, and Pickens shall, if requested, in good faith assist the Trustee in making such inspection.

10. Benefits. No promises, agreements, representations or warranties shall be binding upon the Trustee unless made a part of this Agreement in writing. This Agreement shall inure to the benefit of and bind the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have executed

this instrument on the day and year first above written.

PICKENS RAILROAD COMPANY,

by

O. Monroe

Printed Name O. Monroe

Title

President

Attest:

by

John A. Muir
Title

FIRST SECURITY STATE BANK, solely
in its capacity as Trustee,

by

Printed Name _____

Title

Attest:

by

Title

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1975, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an authorized officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said banking corporation, that said instrument was signed and sealed on behalf of said banking corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said banking corporation.

Notary Public

[Notarial Seal]

My Commission Expires

STATE OF SOUTH CAROLINA,)
) ss.:
COUNTY OF GREENVILLE,)

On this 4 day of June 1975, before me personally appeared O. Monroe, to me personally known, who, being by me duly sworn, says that he is ~~Vice~~ President of PICKENS RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

[Notarial Seal]

My Commission Expires 11/19/79

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(b) Pickens agrees that, at its own cost and expense, it will maintain and keep each unit of Leased Equipment in good order and repair, ordinary wear and tear excepted.

(c) Pickens shall not dispose of the Collateral or any interest therein except as authorized in this Agreement or in writing by the Trustee, and Pickens shall keep the Collateral free from unpaid charges, including taxes, and from liens, encumbrances, security interests other than that of the Trustee and North Carolina National Bank and their successors and assigns.

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IN WITNESS WHEREOF, the parties have executed

this instrument on the day and year first above written.

PICKENS RAILROAD COMPANY,

by _____

Printed Name _____

Title _____

Attest:

by _____

Title _____

FIRST SECURITY STATE BANK, solely
in its capacity as Trustee,

by Jay D. Knudsen

Printed Name JAY D. KNUDSEN

Title CASHER

Attest:

by Brad L. Murphy

Title _____

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 4th day of June 1975, before me personally appeared Jay D. Knudsen, to me personally known, who, being by me duly sworn, says that he is an authorized officer of FIRST SECURITY STATE BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said banking corporation, that said instrument was signed and sealed on behalf of said banking corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said banking corporation.

Dulcie S. Langford
Notary Public

[Notarial Seal]

My Commission Expires July 22, 1978

STATE OF SOUTH CAROLINA,)
) ss.:
COUNTY OF GREENVILLE,)

On this day of 1975, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is Vice President of PICKENS RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission Expires